



Public Affairs Office

FOR IMMEDIATE RELEASE
September 22, 2003

CONTACT: CMS Public Affairs
(202) 690-6145

STATEMENT OF TOM SCULLY, ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES MEDICARE + CHOICE PLAN RENEWALS AND NONRENEWALS

The Administration has continued to take aggressive steps to strengthen and improve health plan options for seniors and disabled Americans. For 2004, we are seeing more stabilization in the program than ever before and the trend is heading in the right direction. For 2004, only 16 health plans announced their decision to either leave the program or reduce their service area, affecting 41,000 beneficiaries. While we are disappointed to hear about any beneficiaries losing a health plan option, we are pleased to see the program stabilizing in anticipation that Congress will change the program for the better.

Less than one percent (41,000 beneficiaries) of the Medicare beneficiaries currently enrolled in 16 health plans will lose access to some health plan option. Last year (2003), 217,000 enrollees were affected by non-renewal activity. Fortunately, about 38,000 of these beneficiaries, whose current plan is leaving Medicare, will be able to choose from another Medicare coordinated care plan (36,991 enrollees) or a private fee for service plan (1,021). Additionally, nearly 1,500 beneficiaries will be eligible to enroll in one of the preferred provider demonstration options (PPO). Approximately 3,100 will lose a private plan option, requiring them to return to fee-for-service Medicare.

At the same time, we are encouraged by the requests by health plans to bring more choices to Medicare beneficiaries by expanding their service areas and even offering new programs. Since January 1, 2003, we have approved eight new Medicare + Choice contracts and expansion of service areas for 23 plans. As of September 1, we had 9 new plans pending and 22 service area expansions. So, this year, we expect a net increase in the number of covered lives once these service area expansions are approved.

Medicare + Choice continues to be important for lower-income seniors, minority seniors and disabled individuals who depend the most on these plans to help them keep costs affordable for the valuable benefits that are not available in fee-for-service Medicare. Recent reports show that overall, 55 percent of all Medicare + Choice enrollees live in households with less than \$20,000 in income and Medicare + Choice offers the best option for these Medicare beneficiaries who can't afford Medigap or other supplemental coverage.

We are encouraged that Congress is working closely with the President and Secretary Thompson to improve Medicare and Medicare + Choice in the ongoing Medicare debate. If Congress does not act, more seniors and disabled Americans will continue to lose their existing prescription drugs or other medical services.